

Valuation of Property in Taos County

RSTP - October 23, 2014

Cesario S. Quintana

Director Property Tax Division

Background

Cesario S. Quintana has held senior appraisal and supervisory positions in Otero and Dona Ana Counties for twenty four years. He is experienced in the valuation of residential, commercial and agricultural properties as well as mass appraisal.

He became Director of the Tax and Revenue Department's Property Tax Division in January of 2011. Shortly thereafter, he concluded that Taos County had a pressing need for a county-wide revaluation. This understanding culminated in an agreement on Taos's reassessment and related budget issues held in August of 2011. The parties to the agreement were the Taos County Assessor, the Taos County Commission (County Manager's signature, Commissioners Chavez and Jaramillo were present), the Division of Finance and Administration, and the Property Tax Division.

A copy of the executed agreement is attached to this discussion outline. It is accompanied by three pages from the statutorily required assessor's evaluation item #10 confirming that PTD monitors the status of special methods of valuation, particularly the agricultural special method. The complete assessor's evaluations are available on the TRD/PTD website.

The Taos County Assessor's Office began the field work for their reappraisal in January of 2012. They are responsible for the revaluation of approximately 70,000 parcels. The reappraisal generally moved from the City of Taos outward. Typically appraisal work is concentrated near the City of Taos in the winter months and in more remote areas when there is less snow.

When Assessor's staff encountered a property that was valued under the agricultural special method of valuation inappropriately, their office would follow up with a letter informing the taxpayer that he or she was out of compliance with the statutory requirements (NMSA 7-36-20, copy attached). Further, the Assessor's Office would explain that the taxpayer had the opportunity to return the property to compliance. Otherwise, the Assessor's Office would be obligated to challenge the agricultural status of the property in January of the following tax year. This notice is ensured by statute (NMSA 7-38-7) because January 1 is the valuation date for each tax year. Consequently, the first removals of the agricultural special method of valuation took place in 2013. It should be noted that an agricultural appraisal specialist would inspect the property before any action was taken.

Current Status

The Taos Assessor's Office has completed the revaluation of roughly 18% of residential properties and approximately 7% of non-residential properties. This equates to about 10,000 parcels. The process was slower than expected because more than half of the residential properties had significant improvements that weren't on the County Assessor's records.

About 17% of the parcels under the special method of valuation for agriculture contribute to the non-residential number. Some taxpayers who received notice in 2012 didn't take steps to bring their properties back into line with statute (NMSA 7-36-20). These properties remained ineligible for the special method of agricultural valuation and their land reclassified and reassessed to current and correct (NMSA 7-36-16) levels.

This process understandably causes a huge amount of uncertainty and concern for taxpayers. But, when the County Assessor has evidence that the use of the land is no longer primarily for agricultural purposes, he or she must change the classification of the land (3.6.5.27 (7)). We incorporated the bulleted charts below to provide a concrete indication of the results from reclassification in 2013 and 2014.

- The effects of these changes for the 2013 tax year are summarized as follows:
 - Total Full Value Added to the Tax Base: \$27,148,075
 - Total Parcels Reclassified: 190
 - Total Acres Reclassified: 1,279
 - Average Parcel Size (Acres): 6.73
 - Average Increase to Value per Acre: \$21,226
 - Average Taxable Value Increase: \$47,628
 - Assumed Millage Rate: 20.00
 - Annual Property Tax Liability: \$952.56

- The effects of the change for the 2014 tax year are summarized as follows:
 - Total Full Value Added to the Tax Base: \$68,815,376
 - Total Parcels Reclassified: 465
 - Total Acres Reclassified: 34,669
 - Average Parcel Size (Acres): 75.56
 - Average Increase to Value per Acre: \$2,011
 - Average Taxable Value Increase: \$49,973
 - Assumed Millage Rate: 20.00
 - Annual Property Tax Liability: \$999.46

NMSA 7-36-20 and the Trailing Regulations 3.6.5.27 (copy attached)

- The prime requirement for the special method of valuation is that eligibility is determined by evidence of bona fide primary agricultural use.
- The regulations place the initial burden of proof for special method eligibility on the taxpayer (B1).
- Once land has been classified as used primarily for agricultural purposes, the taxpayer does not need to reapply for the special method (B6).
- The County Assessor does not enjoy the presumption of correctness afforded under other circumstances in the Property Tax Code. The burden of proof in a reclassification is his or hers to prove (B7).
- The regulations for the special method of agricultural valuation were revised in 2009 after extensive comments and a public hearing.
- The new regulations included provisions for considering drought, weather, water availability, expert agricultural opinions and data. (B5)

Additional Considerations

Reappraisal provides opportunities to make sure that the exemptions to which taxpayers are entitled are in force. The exemptions are listed below with the taxable value they offset when eligibility is confirmed.

- 7-36-21.3 The valuation freeze for low income taxpayers, 65 or older or disabled
- 7-37-4 Head of Family - \$2,000
- 7-37-5 Veterans Exemption - \$4,000 per veteran
- 7-37-5.1 Fully Disabled Veteran – Full value of the primary residence home site

Taxpayers can rest their land during periods of drought or recovery.

Taxpayers can confirm or reestablish their eligibility for the special method of agricultural valuation by returning their land to a bona fide agricultural use. We have included pictures of properties where continuing agricultural valuation was supported by well-maintained properties that were not reclassified. Conversely, we have pictures of land attached that were reclassified because they would no longer support agricultural use.

The Taos Assessors Office wrote a case study that addresses frequent questions about agricultural method eligibility. It is attached.

Agreement Concerning Taos County Assessor 2011–2012 Budget

RSTP

October 23, 2014

AGREEMENT CONCERNING TAOS COUNTY ASSESSOR FISCAL YEAR 2011-2012 BUDGET

The following represents the agreement reached at the Local Government Division of the Department of Finance and Administration on Monday, August 15, 2011, concerning the Taos County Assessor's Fiscal Year 2011-2012 (FY12) budget. The Board of County Commissioners of the County of Taos is referred to herein as the "Board". Taos County Assessor Darlene J. Vigil is referred to as the "County Assessor", and her office is referred to as the "County Assessor's Office".

1. The GIS Coordinator and Senior Appraiser positions within the County Assessor's Office will be funded in FY12, with 50% being funded from the Taos County general fund and 50% being funded from the Taos County Property Valuation Fund. By agreeing to this split for FY12, the County Assessor does not concede that such a split will be appropriate for these positions in future fiscal years.

2. The County Assessor shall develop a revised Property Valuation and Maintenance Plan that contains measurable benchmarks regarding the number of properties to be reappraised during FY12 and future fiscal years. The revised plan must be approved by the Taxation and Revenue Department Property Tax Division (PTD) and the Board. This revised plan must be approved by the County Assessor, PTD, and the Board by September 30, 2011, or this agreement is null and void.


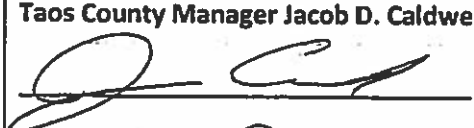
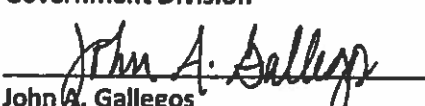

3. The County Assessor's Office will obtain and maintain data regarding the workload and productivity of its entire staff, so as to assist the County Assessor, PTD, DFA, and the Board in evaluating the budget needs of the County Assessor's Office in future fiscal years.

4. On a quarterly basis beginning with the quarter ending on December 31, 2011, the County Assessor agrees to report to PTD and the Board (i) the number of properties reappraised during the previous quarter and (ii) the results of such reappraisals (for example, the value of new improvements and parcels added to the tax rolls).

5. This Agreement is contingent upon it being approved by the Board at a public meeting on or before August 30, 2011.

6. By approving this Agreement, the Board does not concede that the allocation of funds to the County Assessor contained in the final budget for FY12 was inadequate.

7. In consideration of the Board's approval of this Agreement, the County Assessor agrees to and hereby waives any claim that the allocation of funds to the County Assessor in the FY12 budget is inadequate.

Taos County Assessor Darlene J. Vigil 	Taos County Manager Jacob D. Caldwell 
Department of Finance and Administration Local Government Division  John A. Gallegos	Taxation and Revenue Department Property Tax Division  Cesario Quintana



New Mexico Taxation Revenue Department
Property Tax Division
Appraisal Bureau



2014 Assessor Evaluation

COUNTY	Taos	REVIEWER	Jim Bordegaray
TAX YEAR	2014	EVALUATION DATE	May 5-8, 2014
CONTACTS (Data from prior year - PLEASE MAKE NECESSARY CORRECTIONS IF NEEDED)			
	Name	Phone	E-Mail
Assessor	Darlene J. Vigil	575-737-6331	darlene.vigil@taoscounty.org
Chief Deputy	Bobbi DeHerrera	575-737-6363	roberta.deherrera@taoscounty.org
Chief Appraiser	Nick Sanchez	575-737-6366	nick.sanchez@taoscounty.org
MH Appraiser	Anthony Martinez	-	anthony.martinez@taoscounty.org
GIS Director / Mapper			
Online Access Web Address:	taoscounty.org		

NOV MAILING DATES	3/30/2013	4/9/2014
	(2014)	(2013)

MAILING ADDRESS	105 Albright Street, Suite A		
	NM	NM	Taos, NM 87571
	(City)		(zip)

PHYSICAL ADDRESS	105 Albright Street, Suite A		
	Taos	NM	
	(City)		(zip)

ASSESSOR COMMENTS	We appreciate the Evaluation process! We see this as a form of transparency and an opportunity to identify areas of concerns and certainly demonstrate areas of improvement.
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**State of New Mexico
Taxation & Revenue Department
Property Tax Division
ANNUAL ASSESSOR EVALUATION**



DOCUMENTS REQUESTED		
1	Copy of Annual Report to County Commissioners (7-36-16-E; NMSA)	
2	Preliminary and Prior Year Budget	
3	Valuation Maintenance Plan	
4	Organization Chart	
5	Make available all Treasurer's change orders from October 1st to present (7-38-77, NMSA)	
6	Property Record Cards for all Elected Officials (State & County), County Manager, County Attorney, and Assessor's Staff	
7	Last Year's NOV and Current values for Elected Officials, County Manager, County Attorney, and for Assessor's Staff	
8	Listing of non-governmental Exempt Property showing Owner, Location, and Valuation (not personal exemptions) (7-36-7 AND 7-38-8.1,	
9	Review of building permits will be made at time of evaluation. Please make available at time of evaluation.	
10	List of properties receiving Special Method of Valuation for Agricultural Properties including: Location, Owner, Lessee, Acreage. (for Grazing properties, only those properties containing 50 or less acres, for Agricultural properties, only those containing 10 or less acres.)	
11	Review of transfer affidavits will be made at time of evaluation. Please make available at time of evaluation.	
12	Copy of a property change audit report / daily maintenance log	
13	Property Re-Inspection Plan with start and end dates	
14	A listing of all properties that filed protest petitions in 2013 showing Parcel ID, Owner Name, Property Address, Original NOV value, Final Value after resolution, and reason for change.	
	REVIEWER'S COMMENTS ON ABOVE DOCUMENTS	ASSESSOR'S COMMENTS ON ABOVE DOCUMENTS
1	The Annual Report was furnished; however, it was not complete, awaiting a 2013 update. A complete version was provided on August 18, 2014.	The Annual Report in conjunction with the Valuation Maintenance Plan is approximately 90% complete. A hard copy was provided to PTD Evaluator.
2	The 2013 "expense" budget was provided. The 2013 / 2014 budget was requested again. As of the date of this report it has not been received nor the 2014/2015 budget.	See attached 2013/2014 Approved Budget. We are currently working on the 2014/2015 proposed budget, and will be meeting with the Taos County Finance Director and Deputy County Manager to review and discuss requests. I am requesting 3 additional full time staff; 1 GIS Analyst, 1 Appraiser Technician, 1 Personal Property Appraiser. I will send over the proposed budget as soon as possible.
3	The Valuation Maintenance Plan was provided, though incomplete; lacking the annual update at the end. According to Nick Sanchez, it will be provided once complete. A complete version was provided on August 18, 2014.	The Annual Report in conjunction with the Valuation Maintenance Plan is approximately 90% complete. A hard copy was provided to PTD Evaluator.
4	The organization chart was provided at the time of the evaluation and reviewed with the Assessor.	See attached Assessor's Organizational Chart.
5	Treasurer's change orders were provided and reviewed. All appeared in order with no discrepancies noted and with no outstanding questions at the end of the evaluation.	All change orders from October 1st to the present were made available during time of evaluation.
6	Property Record Cards were provided for all employees, elected officials and for a review of any properties requested. Although 2013 employee cards were not originally available they were provided for verification.	An electronic file was sent over for review.
7	The prior years NOV's, as well as the current years were provided. No discrepancies were noted when compared.	A hardcopy was provided during office visit.
8	All exempt property was presented in a spreadsheet including governmental property. All questions were answered and ones that had been flagged prior to the evaluation had already had the exempt status removed. The county is actively requiring those claiming exemptions to provide evidence of status and removing the exemption when it is not made available.	An electronic file was sent over for review.
9	Building permits were made available at the evaluation. It was noted that the county is systematically working permits and adding improvements when they appear. Follow-up visits are concluded and new value is being captured at a percent complete.	Building permits were made available during time of evaluation.



**State of New Mexico
Taxation & Revenue Department
Property Tax Division
ANNUAL ASSESSOR EVALUATION**



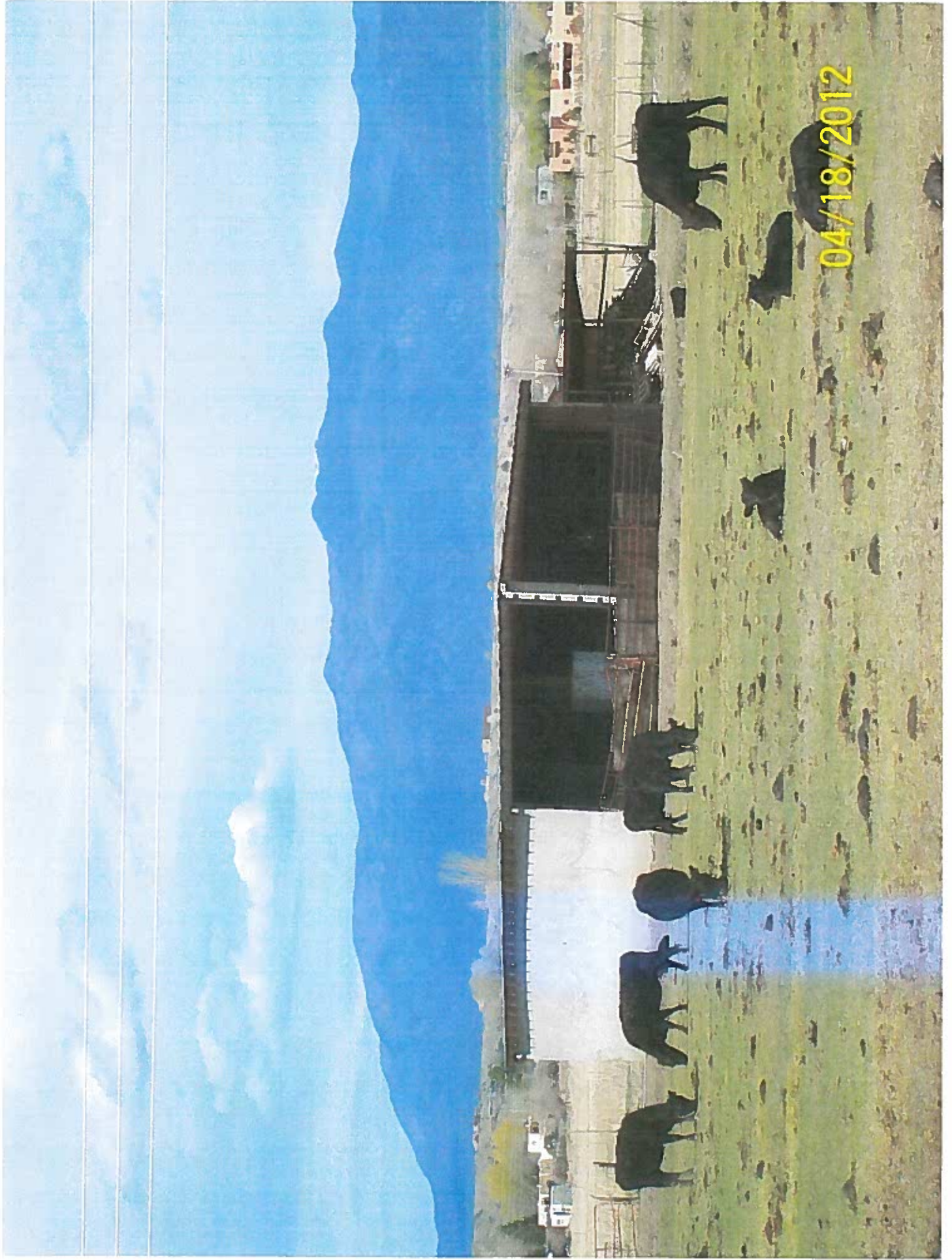
10	A Special Method of Valuation list was provided detailing the progress in all areas to reaffirm or remove status. A representative sample of properties currently receiving an agricultural exemption was field reviewed prior to staff visits confirming incorrect qualification. Taos is actively requiring all property owner's wishing to claim an agricultural exemption to reapply so that the properties can be verified.	An electronic file will be sent over for your review.
11	Transfer Affidavits were provided. The Assessor's office contacts each transferred property either by contacting the buyer, seller or other party involved in the transaction to confirm the affidavit information.	Residential Transfer Affidavits were made available during time of evaluation.
12	An audit report was prepared demonstrating the ability to track changes.	A scanned sampling will be sent over for your review.
13	The Reinspection Plan was provided. It is incorporated into the Valuation Maintenance Plan noted above. The reinspection plan began in 2012 and is targeted for completion in 2016.	The Annual Report in conjunction with the Valuation Maintenance Plan is approximately 90% complete. A hard copy was provided to PTD Evaluator.
14	Taos County provided a spreadsheet with protest petitions; however, it is prepared in their own format and not in that of this workbook. The information was reviewed and the Assessor's files appeared to contain adequate information regarding changes and resolution of protests.	An electronic file will be sent over for your review.

Taos County

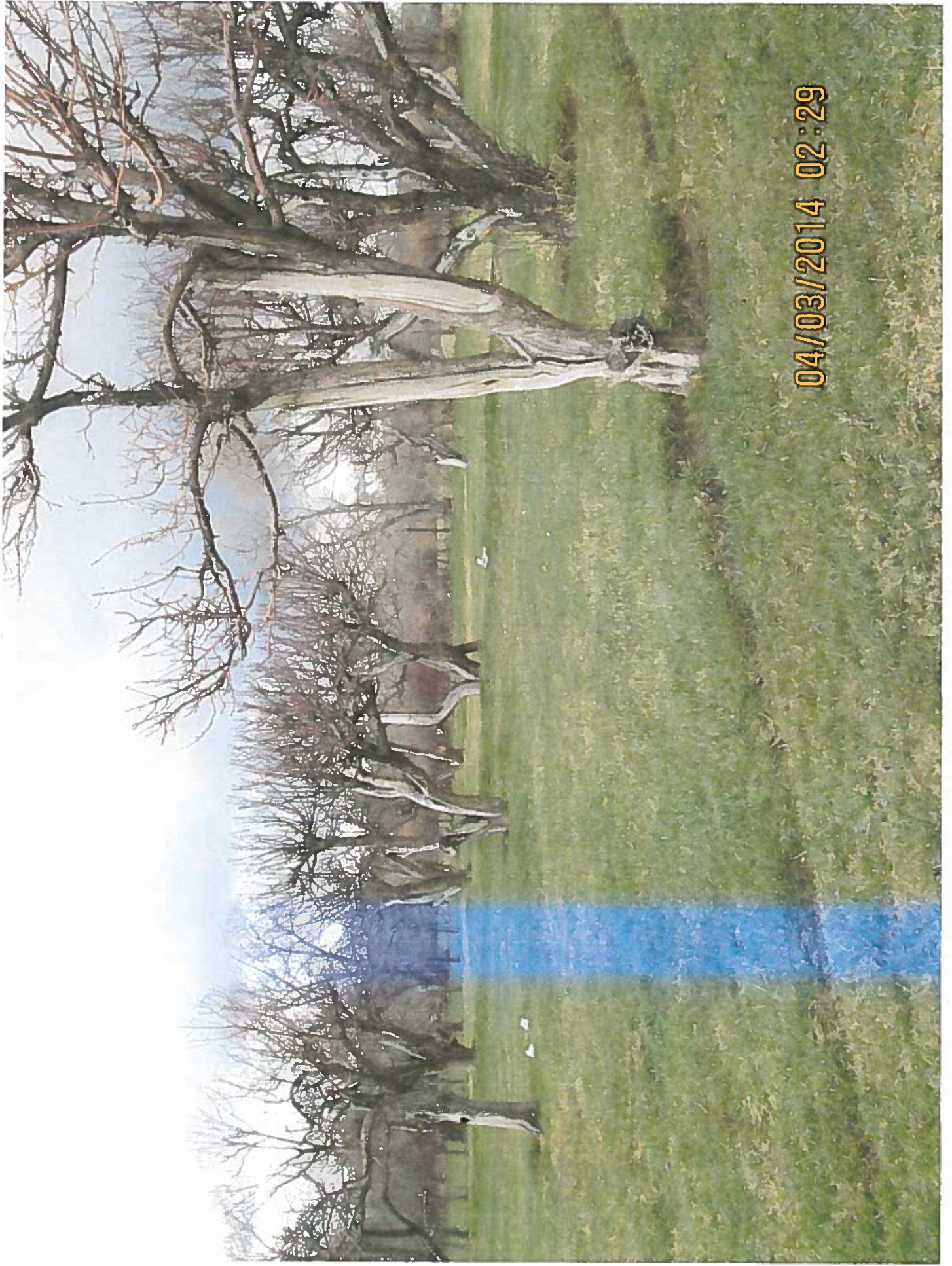
Verified Agricultural Classification



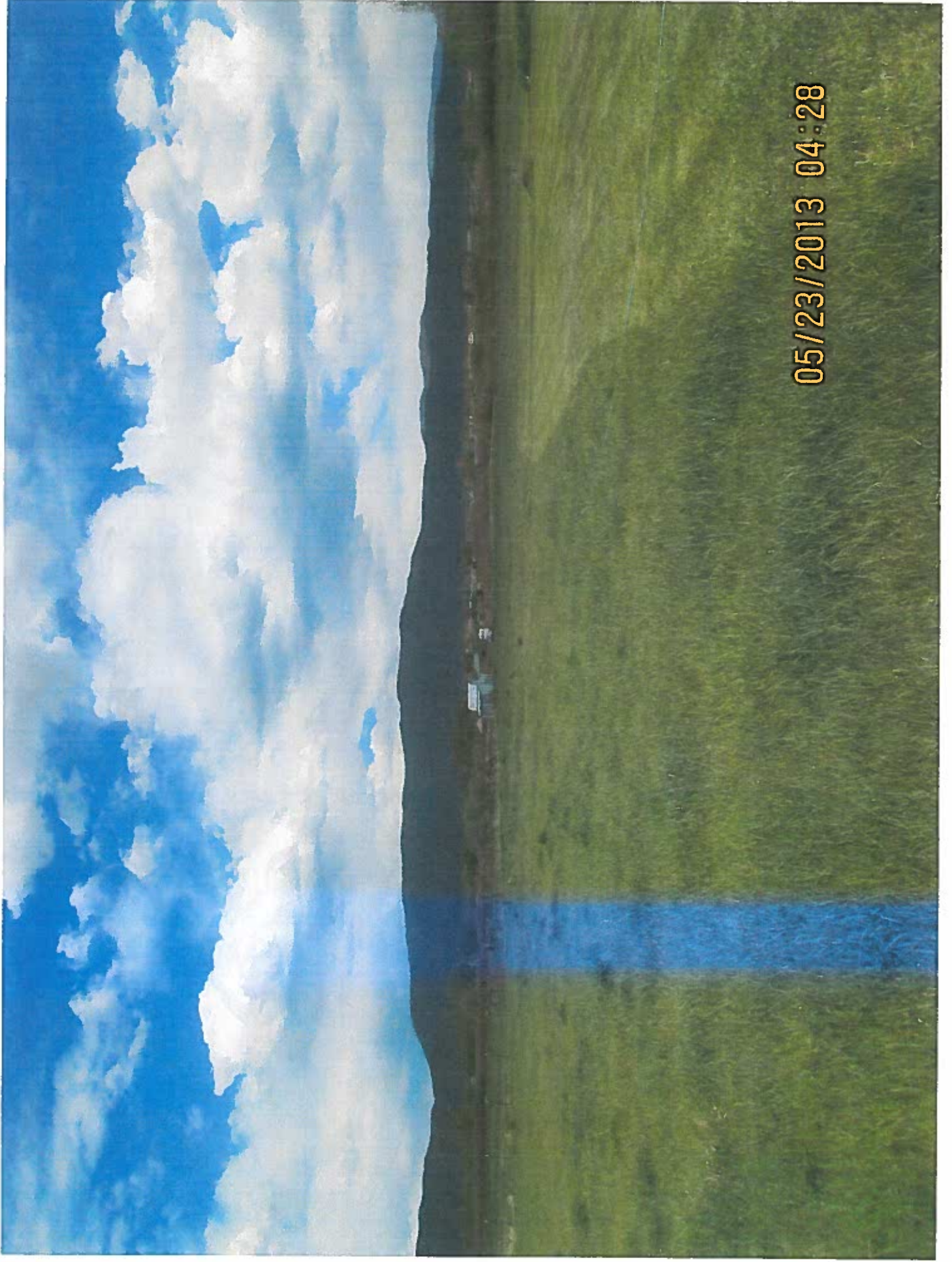
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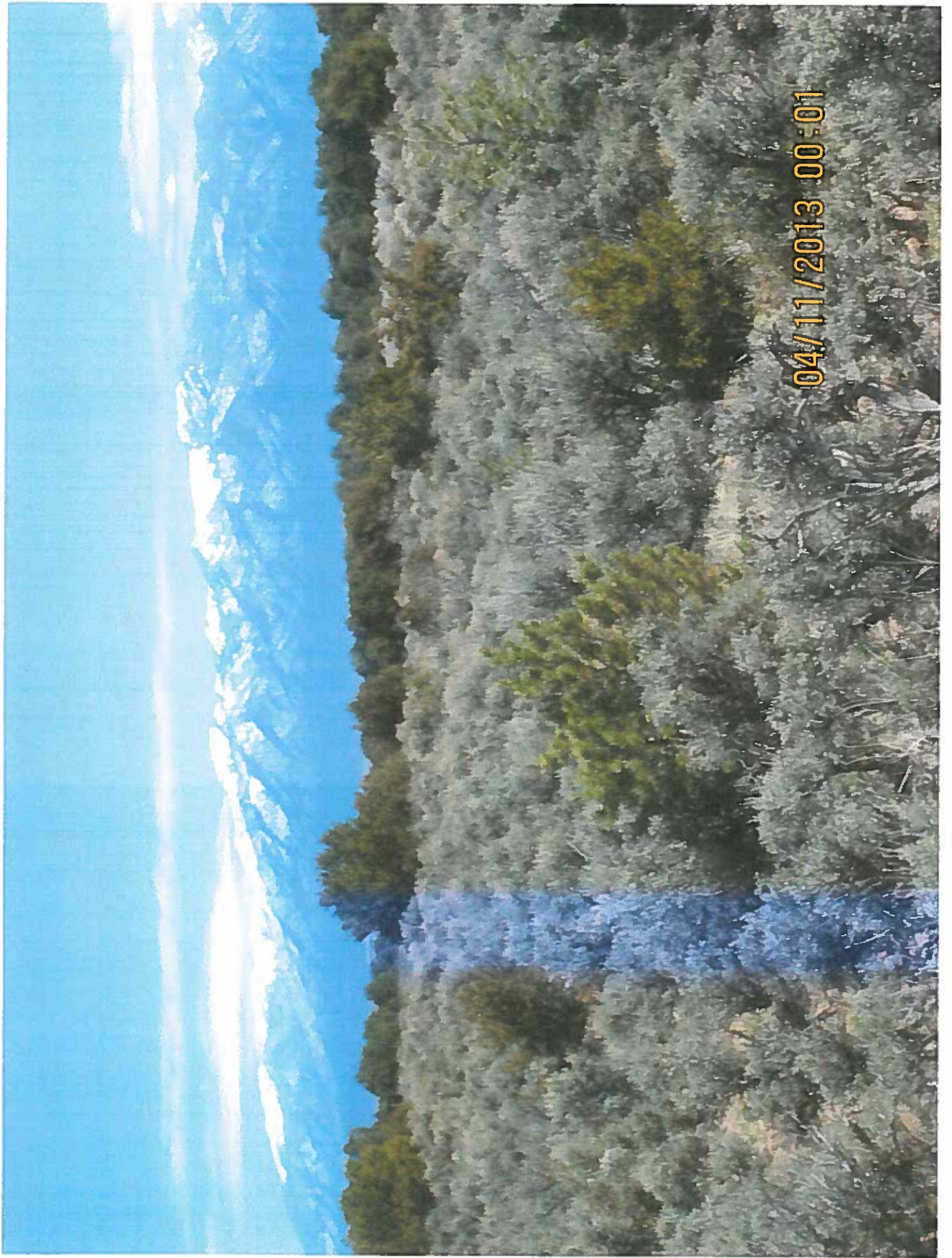


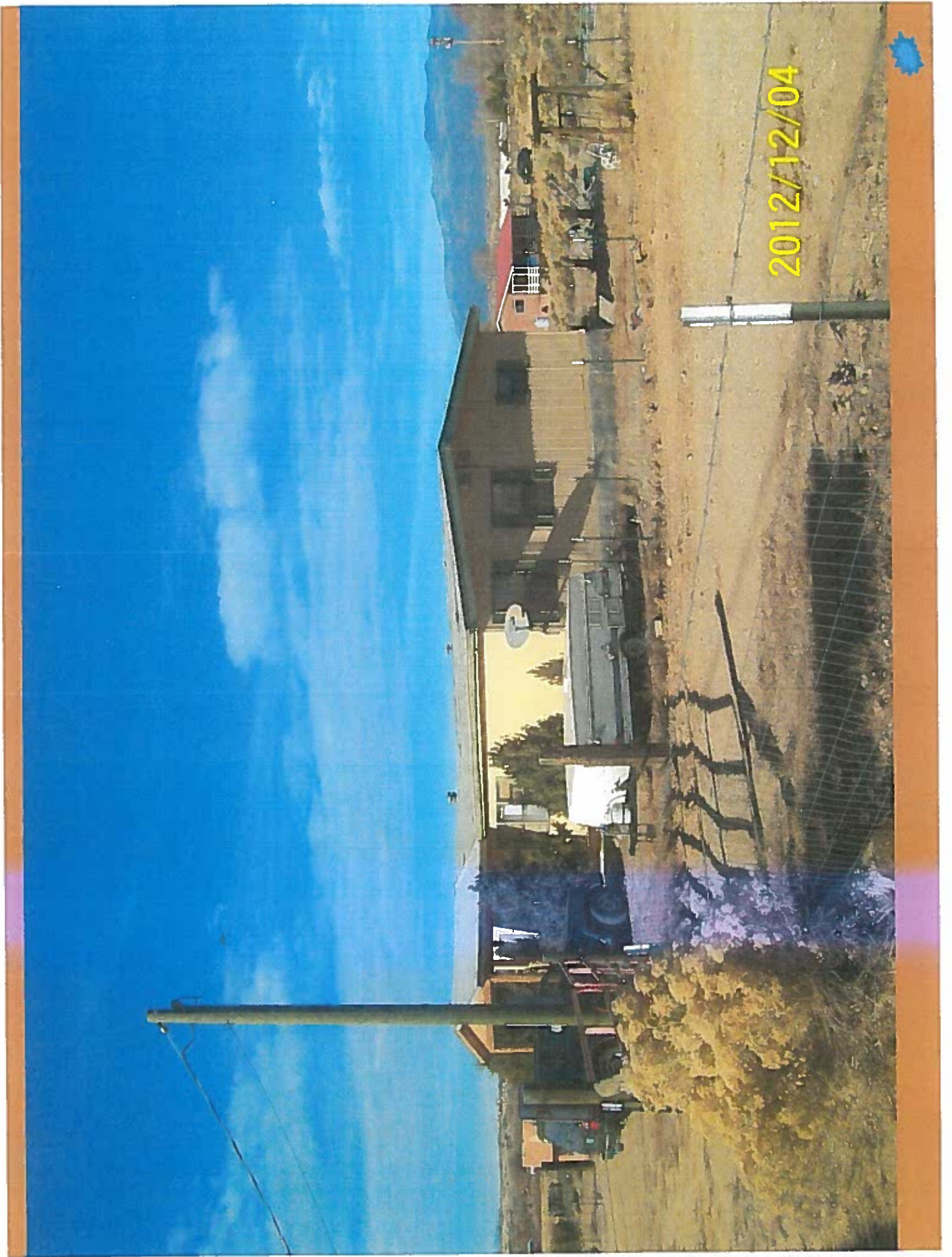
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Taos County

Removed Agriculture
Classification









Taos County

7-36-20

Special Method of
Valuation Agricultural
Land

RSTP

October 23, 2014

7-36-20. Special method of valuation; land used primarily for agricultural purposes (2013)

Statute text

- A. The value of land used primarily for agricultural purposes shall be determined on the basis of the land's capacity to produce agricultural products. Evidence of bona fide primary agricultural use of land for the tax year preceding the year for which determination is made of eligibility for the land to be valued under this section creates a presumption that the land is used primarily for agricultural purposes during the tax year in which the determination is made. If the land was valued under this section in one or more of the three tax years preceding the year in which the determination is made and the use of the land has not changed since the most recent valuation under this section, a presumption is created that the land continues to be entitled to that valuation.
- B. For the purpose of this section, "agricultural use" means the use of land for the production of plants, crops, trees, forest products, orchard crops, livestock, poultry, captive deer or elk, or fish. The term also includes the use of land that meets the requirements for payment or other compensation pursuant to a soil conservation program under an agreement with an agency of the federal government.
- C. The department shall adopt rules for determining whether land is used primarily for agricultural purposes. The rules shall provide that the use of land for the lawful taking of game shall not be considered in determining whether land is used primarily for agricultural purposes.
- D. The department shall adopt rules for determining the value of land used primarily for agricultural purposes. The rules shall:
- (1) specify procedures to use in determining the capacity of land to produce agricultural products and the derivation of value of the land based upon its production capacity;
 - (2) establish carrying capacity as the measurement of the production capacity of land used for grazing purposes, develop a system of determining carrying capacity through the use of an animal unit concept and establish carrying capacities for the land in the state classified as grazing land;
 - (3) provide that land the bona fide and primary use of which is the production of captive deer or elk shall be valued as grazing land, and that captive deer shall be valued and taxed as sheep and captive elk shall be valued and taxed as cattle;
 - (4) provide for the consideration of determinations of any other governmental agency concerning the capacity of the same or similar lands to produce agricultural products;
 - (5) assure that land determined under the rules to have the same or similar production capacity shall be valued uniformly throughout the state; and
 - (6) provide for the periodic review by the department of determined production capacities and capitalization rates used for determining annually the value of land used primarily for agricultural purposes.

E. All improvements, other than those specified in Section 7-36-15 NMSA 1978, on land used primarily for agricultural purposes shall be valued separately for property taxation purposes and the value of these improvements shall be added to the value of the land determined under this section.

F. The owner of the land must make application to the county assessor in a tax year in which the valuation method of this section is first claimed to be applicable to the land or in a tax year immediately subsequent to a tax year in which the land was not valued under this section. Application shall be made under oath, shall be in a form and contain the information required by department rules and must be made no later than thirty days after the date of mailing by the assessor of the notice of valuation. Once land is valued under this section, application need not be made in subsequent tax years as long as there is no change in the use of the land.

G. The owner of land valued under this section shall report to the county assessor whenever the use of the land changes so that it is no longer being used primarily for agricultural purposes. This report shall be made on a form prescribed by department rules and shall be made by the last day of February of the tax year immediately following the year in which the change in the use of the land occurs.

H. Any person who is required to make a report under the provisions of Subsection G of this section and who fails to do so is personally liable for a civil penalty in an amount equal to the greater of twenty-five dollars (\$25.00) or twenty-five percent of the difference between the property taxes ultimately determined to be due and the property taxes originally paid for the tax years for which the person failed to make the required report.

History

History: 1953 Comp., § 72-29-9, enacted by Laws 1973, ch. 258, § 21; 1975, ch. 165, § 3; 1997, ch. 162, § 1; 2005, ch. 231, § 1; 2013, ch. 219, § 1.

Annotations

Cross references. — For agriculture generally, see Chapter 76 NMSA 1978.

The 2013 amendment, effective June 14, 2013, provided that an application to use the valuation method for land used primarily for agricultural purposes be made no later than thirty days after the date of mailing by the assessor of the notice of valuation; and in Subsection F, in the second sentence, after "and must be made no later than", deleted "the last day of February of the tax year" and added "thirty days after the date of mailing by the assessor of the notice of valuation".

The 2005 amendment, effective April 6, 2005, in Subsection B, defined "agricultural use" to include production of captive deer or elk; in Subsection C, provided that the rules shall provide that the use of land for lawful taking of game shall not be considered in determining whether land is used primarily for agricultural purposes; and added Subsection D(3) to provide that the rules shall provide that land primarily used for the production of captive deer or elk shall be valued as grazing land, that captive deer shall be valued as sheep and that captive elk shall be valued as cattle.

Saving clauses. — Laws 2005, ch. 231, § 2, provided that nothing in this 2005 act shall affect the authority of the state game commission or the director of the department of game and fish.

The 1997 amendment, June 20, 1997, rewrote Subsection A; substituted "7-36-15 NMSA 1978" for "72-29-5 NMSA 1953" in Subsection E; deleted the last sentence in the introductory paragraph of Subsection F; deleted Paragraphs F(1) and (2); deleted the closing paragraph of Subsection F; and added Subsections G and H.

ANNOTATIONS

Elk herd was not livestock for purposes of agricultural classification of property, and, although petitioner's agreement with federal government was proper soil conservation agreement, comparisons of income from multiple uses of property was reasonable proxy for determining that agricultural use was not primary. *Jicarilla Apache Nation v. Rodarte*, 2004-NMSC-035, 136 N.M. 630, 103 P.3d 554, rev'g 2004-NMCA-055, 135 N.M. 630, 92 P.3d 642.

Distinction between subdivided agricultural lands not unconstitutional. — Distinction drawn by 72-2-14.1, 1953 Comp., between subdivided and unsubdivided agricultural land, for tax purposes, did not offend N.M. Const., art. VIII, § 1 and did not violate due process. *Prop. Appraisal Dep't v. Ransom*, 84 N.M. 637, 506 P.2d 794 (Ct. App. 1973) (decided under prior law).

This section establishes special method of valuation for land used primarily for agricultural purposes, determined on the basis of the land's capacity to produce agricultural products. This "Green Belt" law is clearly an exception to the general mode of property valuation for tax purposes established by the Property Tax Code and the New Mexico constitution, i.e., market value. *Cnty. of Bernalillo v. Ambell*, 94 N.M. 395, 611 P.2d 218 (1980).

Agricultural land is to be valued based on its capacity to produce, not on its actual production. *Jicarilla Apache Nation v. Rio Arriba Cnty. Assessor*, 2004-NMCA-055, 135 N.M. 630, 92 P.3d 642, reversed 2004-NMSC-035, 136 N.M. 630, 103 P.3d 554.

Legislative intent behind this special method of property tax valuation is to aid the small subsistence farmers in the state. *Cnty. of Bernalillo v. Ambell*, 94 N.M. 395, 611 P.2d 218 (1980).

Legislative intent. — A broad reading of "agricultural use" so as to entitle owners of residential, yet pastoral, lands generally to tax relief is inconsistent with the plain language of this section; the section evinces a legislative intent to deny tax relief to those who demonstrate mere passive or incidental cultivation of their lands. *Alexander v. Anderson*, 1999-NMCA-021, 126 N.M. 632, 973 P.2d 884.

Crops produced for sale or home consumption. — While growing alfalfa, fruits, nuts, and vegetables may constitute producing crops, an applicant for exemption is required to demonstrate an objective intent to produce a crop for sale or home consumption. *Alexander v. Anderson*, 1999-NMCA-021, 126 N.M. 632, 973 P.2d 884.

"Home consumption" construed. — Grazing of recreational horses on taxpayers' property did not satisfy the regulatory provision (3 NMAC 6.5.27.1.1) for "home consumption." *Alexander v. Anderson*, 1999-NMCA-021, 126 N.M. 632, 973 P.2d 884.

Regulation upheld. — Promulgation of a regulation (3 NMAC 6.5.27.1.1) to implement the "agricultural use" exemption of this section is a legal exercise of delegated legislative authority and the regulation is consistent with this section's manifest intent. *Alexander v. Anderson*, 1999-NMCA-021, 126 N.M. 632, 973 P.2d 884.

Comparable sales wrong criteria under this section. — County assessors using comparable sales instead of agricultural purposes were using the wrong criteria for determining tax on grazing land under this section. *In re Armijo*, 89 N.M. 131, 548 P.2d 93 (Ct. App. 1976).

Special valuation not applicable once land changed to nonagricultural use. — Once a property's use has changed from agricultural to nonagricultural, there is no longer the need to give the property owner special tax treatment; the legislature did not desire to give special treatment to former owners of agricultural land even after they voluntarily submit to reclassification of their land for property tax purposes. *Cnty. of Bernalillo v. Ambell*, 94 N.M. 395, 611 P.2d 218 (1980).

Hypothetical or speculative values not basis. — Classification or assessment of property for tax purposes premised upon hypothetical or speculative values believed, ultimately or at some later time, to be or become the true market value of such land cannot legitimately be the basis of determining its value. *Gerner v. State Tax Comm'n*, 71 N.M. 385, 378 P.2d 619 (1963).

Grazing land being held for lots. — Classification and valuation of property suitable for grazing purposes at 10 times the valuation of other property of the same character and quality and similarly situated because of its classification as lots held for speculation for oil or other purposes, absent any evidence of such speculative purposes, was so excessive and discriminatory as to entitle taxpayer to relief, despite fact that some other owners of like tracts were similarly assessed or that these lands, while similar to grazing lands, were not actually used for grazing purposes. *Gerner v. State Tax Comm'n*, 71 N.M. 385, 378 P.2d 619 (1963).

Am. Jur. 2d, A.L.R. and C.J.S. references. — Validity, construction and effect of state statutes affording preferential property tax treatment to land use for agricultural purposes, 98 A.L.R.3d 916.

Regulations

REGULATIONS

3.6.5.27. Special method of valuation - land used primarily for agricultural purposes:

A. APPLICATION FORM FOR VALUATION AS AGRICULTURAL LAND:

(1) Applications by owners of land for valuation pursuant to Section 7-36-20 NMSA 1978 must be on a form which has been approved by the director of the division. The form shall contain the following requirements for information to be provided:

- (a) description of the land;
- (b) the use of the land during the year preceding the year for which the application is made;
- (c) whether the land was held for speculative land subdivision and sale or has been subdivided;
- (d) whether the land was used for commercial purposes of a nonagricultural character;
- (e) whether the land was used for recreational purposes and if so, how; and
- (f) whether the land was leased and if so, who was the lessee, did he report livestock for valuation and what was the lessee's use of the property.

(2) The form, or a separate document, may also contain requirements for providing information as to the owner's farm income and farm expenses reported to the United States internal revenue service for federal income tax purposes.

B. AGRICULTURAL PROPERTY - BURDEN OF DEMONSTRATING USE ON OWNER:

(1) To be eligible for the special method of valuation for land used primarily for agricultural purposes, the owner of the land bears the burden of demonstrating that the use of the land is primarily agricultural. This burden cannot be met without submitting objective evidence that:

- (a) the plants, crops, trees, forest products, orchard crops, livestock, captive deer or elk, poultry or fish which were produced or which were attempted to be produced through use of the land were:
 - (i) produced for sale or subsistence in whole or in part; or
 - (ii) used by others for sale or resale; or
 - (iii) used, as feed, seed or breeding stock, to produce other such products which other products were to be held for sale or subsistence; or
- (b) the use of the land met the requirements for payment or other compensation pursuant to a soil conservation program under an agreement with an agency of the federal government; or
- (c) the owner of the land was resting the land to maintain its capacity to produce such products in subsequent years.

(2) The use of land for the lawful taking of game shall not disqualify land from a determination that it is used primarily for agricultural purposes. Any income to the landowner from the use of the landowner's land for the lawful taking of game will not be considered for purposes of determining whether land is used primarily for agricultural purposes.

(a) The taking of game is lawful for purposes of this subsection if it complies with the requirements of NMSA 1978, Chapter 17.

(b) The land is used for the lawful taking of game if the landowner actively participates in the lawful taking of game on the landowner's land or authorizes others to use the landowner's land for the lawful taking of game.

(3) A presumption exists that land is not used primarily for agricultural purposes if income from nonagricultural use of the land exceeds the income from agricultural use of the land.

(4) A homesite is not land used for agricultural purposes and is not to be valued as agricultural land pursuant to Section 7-36-20 NMSA 1978. A "homesite" as that term is used in this section is the site used primarily as a residence, together with any appurtenant lands used for purposes related to residing on the site. It is more than the boundary of the foundation of an improvement used as a residence and includes land on which yards, swimming pools, tennis courts and similar nonagricultural facilities are located but does not include land on which agricultural facilities such as barns, pig pens, corrals, bunk houses, farm equipment sheds and outbuildings are located. A homesite shall be presumed to be a minimum of one acre, unless the property owner establishes that a portion of the acre allocated to classification as homesite is actually used for agricultural purposes under the conditions of this section. A homesite can exceed one acre if nonagricultural facilities extend beyond one acre.

(5) Once land has been classified as land used primarily for agricultural purposes, no application for that classification is required for any succeeding year so long as the primary use of the land remains agricultural. The land will retain its status for property taxation purposes in every succeeding year as land used primarily for agricultural purposes.

(6) When use of the land changes such that it is no longer used primarily for agricultural purposes, the owner of the land must report the change in use to the county assessor in which the land is located. A report by the owner that land classified as land used primarily for agricultural purposes in the preceding property tax year is not used primarily for agricultural purposes in the current property tax year rebuts the presumptions in Subsection A of Section 7-36-20 NMSA 1978. If subsequently use of the land again becomes primarily agricultural, the owner must apply for classification of the land as land used primarily for agricultural purposes.

(7) When the owner of the land has not reported that the use of the land is no longer primarily for agricultural purposes but the county assessor has evidence sufficient to rebut the presumptions in Subsection A of Section 7-36-20 NMSA 1978, the county assessor must change the classification of the land. In such a case the county assessor must also consider whether the penalty provided by Subsection H of Section 7-36-20 NMSA 1978 should be applied. The owner may protest the change in classification.

C. AGRICULTURAL LAND - MINIMUM SIZE: Tracts or parcels of land of less than one (1) acre, other than tracts or parcels used for the production of orchard crops, poultry or fish, are not used primarily for agricultural purposes. Property used for grazing is only eligible for special valuation as land used primarily for agricultural purposes if the property meets the requirements of Paragraph (1) of

Subsection B of this section, is stocked with livestock that are reported to the county assessor for valuation by either the property owner or the owner of the livestock, and contains the minimum number of acres capable of sustaining one animal unit as established in the order issued pursuant to Paragraph (5) of Subsection F of this section. Tracts or parcels of property smaller than the minimum number of acres capable of sustaining one animal unit may qualify as land used primarily for agricultural purposes as grazing land upon application to the county assessor. The county assessor shall consider the following in determining whether the property is eligible for special valuation as land used primarily for agricultural purposes as grazing land:

- (1) whether the property owned or leased is of sufficient size and capacity to produce more than one-half of the feed required during the year for the livestock stocked on the property;
- (2) the predominant use of the land has been continuous;
- (3) the purchase price paid;
- (4) whether an effort has been made to care sufficiently and adequately for the land in accordance with accepted commercial agricultural practices;
- (5) whether the property has been divided, without regard to whether such division was made pursuant to county or municipality subdivision regulations;
- (6) whether the property is eligible for landowner hunting permits issued by the department of game and fish;
- (7) whether the property is contiguous to land used primarily for agricultural purposes owned by a member or members of the immediate family of the owner; "immediate family" means a spouse, children, parents, brothers and sisters, and
- (8) such other factors as may from time to time become applicable.

D. AGRICULTURAL PRODUCTS DEFINED: The phrase "agricultural products" as it is used in Section 7-36-20 NMSA 1978 and regulations under the Property Tax Code means plants, crops, trees, forest products, orchard crops, livestock, captive deer or elk, wool, mohair, hides, pelts, poultry, fish, dairy products and honey.

E. PRODUCTION CAPACITY OF AGRICULTURAL LAND - IMPLEMENTATION OF VALUATION METHOD:

- (1) The production capacity of agricultural land shall be determined by the income method of valuation based on the income derived or capable of being derived from the use of the land for agricultural purposes. If information about income amounts from the use of land for agricultural purposes is unavailable, then income shall be imputed to the land being valued on the basis of income amounts from the use of comparable agricultural lands for agricultural purposes. The comparability of the land used for purposes of imputing income shall be determined on the basis of class. A determination of income from agricultural land is not required to be restricted to income from actual

production of agricultural products on the agricultural land, since the basis for determination of value is on the land's capacity to produce agricultural products.

(2) "Income" as that term is used in this section is generally the average for the preceding five tax years of:

(a) the amount reported for federal income tax purposes on Schedule F of the individual federal income tax return as net farm profit, excluding income and expenses not attributable to the agricultural land being valued; plus

(b) fees for rental of land or machinery less expenses relating thereto; plus

(c) the reasonable value of unpaid labor of the operator or the farm family; less

(d) the expense of depreciation on farm buildings and machinery.

(3) In lieu of calculating income in the manner set forth in Paragraph (2) of Subsection B of this section, income may be determined by either of the following methods.

(a) Income may be determined from reference services such as the New Mexico crop and livestock reporting service, the cooperative extension service, and the agriculture departments of state universities. If a source other than the reported federal farm income, referred to in Paragraph (2) of Subsection E of this section, is used, adjustments should be made to allow for costs allowable on the federal farm income tax return if such costs are not allowed in the income figure provided. Also, income from sources other than the federal farm income return are to be closely matched to the class of agricultural land being valued so that the income properly reflects income from the class of agricultural land being valued.

(b) The division by order may determine annual income from various classes of agricultural land based on the land's capacity to produce agricultural products, as provided in Subsection E of this section. This order or orders, if issued, would be issued before the last day of the tax year preceding the year in which the annual income amounts are to be used.

(4) The capitalization rate to be used in valuing land used primarily for agricultural purposes pursuant to this section may be set by the division by order. This order, if made, will be issued before the last day of the tax year preceding the year in which the capitalization rate is to be used. The division shall review the capitalization rate used at least once every five tax years. In setting the capitalization rate, consideration is given to the current interest rates for government loans, federal land bank loans and production credit association loans.

(5) The capitalization rate is divided into the annual "income" per acre, except for grazing land, to arrive at the value per acre for property taxation purposes of the agricultural land being valued.

F. CLASSES OF AGRICULTURAL LAND:

- (1) Pursuant to Section 7-36-20 NMSA 1978, the division shall annually issue an order establishing the carrying capacity of grazing land in accordance with the methods of classification contained in this subsection.
- (2) Agricultural land is classified as either:
 - (a) "irrigated agricultural land", which is all agricultural land receiving supplemental water to that provided by natural rainfall; or
 - (b) "dryland agricultural land", which is all agricultural land without a supplemental water supply; or
 - (c) "grazing land" which is all agricultural land which is used solely for the grazing of livestock as established in Subsections B and C above; land the bona fide and primary use of which is the production of captive deer or elk shall be valued as grazing.
- (3) All lands that were previously irrigated or dryland meeting the preceding classifications but which are now participating in any of the various crop retirement programs such as the soil bank or acreage set-aside program sponsored by the United States department of agriculture are still to be classified as irrigated or dryland until the program expires from the subject land and clear evidence is shown that a change in land use is occurring, unless there has been a sale of the water rights, the use of which permitted irrigation.
- (4) Irrigated and dryland agricultural land is classified using the following sources:
 - (a) The land capability classification of the natural resources conservation service which is a rating of land according to its ability to produce permanently and the requirements of management to sustain production. It consists of eight (8) different land capability classes. Classes I through IV are considered suitable for cultivation; Classes V through VIII are considered to be not suitable for cultivation. Classes II through VIII are further modified by four (4) subclasses that are used to signify the particular kind of limitation affecting the soil. In addition, there are nine (9) land capability units which are used to indicate a special kind of condition. This system is an interpretative rating that includes not only the physical factors of soil, but the availability of water and the effects of climate. It is designed primarily for soil management and conservation practices. Each land capability description carries with it specific recommendations for farming practices that were developed by actual farming experience to offset or allow for the existing production-limiting factors of the soil.
 - (b) Natural land classification of soil by physiographic groups based on their general topographic, or slope, position.
 - (c) Classification by series and type which is the classification used in the cooperative survey of New Mexico state university and the United States department of agriculture and by the natural resources conservation service and which classify in a series-type grouping.
 - (d) Soil characteristics shown by the current New Mexico county assessor's agricultural manual.

(e) Weather data. The general weather pattern of an area is usually well known and presents no special problems. However, the possible presence of microclimatic zones should be considered. Weather data can be obtained from the national weather service, agriculture experiments stations, extension service and others connected with growing conditions.

(f) Cost and availability of water. Irrigation districts and other water suppliers boundaries can be obtained from the local conservancy district office or the New Mexico state engineer's office. The supply of water and its cost is to be considered. Electric utility companies often have information on pumping costs and related charges. District taxes, where they are charged, are to be ascertained as well as other water costs. Many areas are subject to charges related to reclamation and drainage; information on such charges must be obtained.

(g) Cropping information. Knowledge of crop production, yields, prices received, costs and cultural practices is essential to many appraisal situations.

(5) The minimum carrying capacity of grazing land will be established in an order of the division by the number of animal units per section (conventionally 640 acres) that the grazing land will support under accepted management practices. The assessor can allocate acreage per animal unit for land parcels that are less than 640 acres as long as the allocation is proportionate and meets the criteria of Subsection C "agricultural land-minimum size" herein. In establishing carrying capacity, the division shall adhere to the definition of livestock in Subsection C of Section 7-35-2 NMSA 1978, as well as utilize the animal unit equivalencies recognized by and information obtained from livestock industry representatives, the bureau of land management, the natural resources conservation service, the forest service, agricultural departments of state universities and the state and federal departments of agriculture shall be used. The division will consider drought and natural conditions which would tend to reduce the carrying capacity of grazing land. The division may establish in each county one or more carrying capacities based on different natural conditions within the county. Economic conditions, such as the market price of livestock, are not taken into consideration in determining carrying capacity of grazing land. The order is issued before the last day of the year preceding the tax year in which it is to be used.

(6) The division, by order, shall determine the values per animal, which values reflect the net income derived or capable of being derived from the use of the land (or fractional interests in real property) used for grazing being valued for the tax year for grazing purposes. These animal values are applied uniformly throughout the state and are calculated in a manner so that the tax ratio is applied. This amount or these amounts shall be reviewed by the division prior to the issuance of the annual order. The annual order is to be issued before the last day of the tax year preceding the tax year in which it is to be used; however, this deadline may be extended by order of the director.

G. IMPROVEMENTS ON AGRICULTURAL LAND - VALUATION: All improvements, other than those specified in Subsection C of Section 7-36-15 NMSA 1978, on land used primarily for agricultural purposes shall be valued separately, using the methods described in Section 7-36-15 NMSA 1978 and regulations thereunder, and the value of these improvements shall be added to the value of the land.

H. VALUATION OF CAPTIVE DEER AND ELK: The department shall establish the value of captive elk and deer under Section 7-36-21 NMSA 1978 and 3.6.5.28 NMAC. For purposes of the department's determination:

- (1) captive deer shall be valued and taxed as sheep; and
- (2) captive elk shall be valued and taxed as cattle.

[3/23/83, 12/29/94, 8/31/96, 12/31/97; 3.6.5.27 NMAC - Rn A, 3 NMAC 6.5.27, 4/30/01; A, 8/15/06; A, 9/15/09]

Taos County
Certificate of Property
Tax Rates in Mills

Tax Year 2014

RSTP

October 23, 2014

CERTIFICATE OF PROPERTY TAX RATES IN MILLS

TAOS COUNTY

TAX YEAR 2014

NET TAXABLE VALUE:

\$1,392,827,714

MUNICIPALITY:	Taos	Red River	Red River	Red River	Taos Ski Valley	Taos Ski Valley
TAXABLE VALUE:	\$163,176,966	8,368,472	34,188,270	20,950,976	28,480,265	33,656,272
CATEGORY:	1 INR	9 IN NR	9RR INR	9RR IN NR	9 OUT NR	8-18 IN NR
State Debt Service	1,360	1,360	1,360	1,360	1,360	1,360
County Operational	1,360	1,360	1,360	1,360	1,360	1,360
County Debt Service	5,758	10,653	5,758	10,653	5,758	10,653
Total State						

Total County	5,758	10,653	5,758	10,653	5,758	10,653
Municipal Operational	2,627	5,225	6,142	7,243	0,000	7,106
Municipal Debt Service	0,000	0,000	0,000	0,000	0,000	0,000
Total Municipal	2,627	5,225	6,142	7,243	0,000	7,106
School Dist. Operational	0,159	0,500	0,376	0,500	0,376	0,187
School Dist. Debt Service	2,520	2,702	2,702	2,702	2,702	2,520
School Dist. Cap. Improve.	2,000	2,000	1,996	2,000	1,996	2,000
House Bill 33 School Building	0,000	0,000	0,000	0,000	0,000	0,000
School Dist. Educ. Tech. Debt Service	0,623	1,145	1,145	1,145	1,145	0,623
Total School District	5,302	6,347	6,219	6,347	6,219	5,330
Total State, County, Municipal, & School Dist.	15,047	23,585	19,479	25,603	13,337	24,449
Other:						

UNM Taos Instructional Center (1)

1,908

1,535

Total Other	1,908	0,000	0,000	0,000	0,000	1,535
GRAND TOTAL	16,955	23,585	19,479	25,603	13,337	25,984

Where Applicable:

Cattle Indemnity	10,000
Sheep/Goats/Swine/Alpaca	10,000
Dairy Cattle	5,000
Bison/Camelids/Ratite	10,000
Horses/Asses/Mules	10,000

Taos County

Agricultural
Classification Scenarios
for Special Method of
Valuation

RSTP

October 23, 2014

Agriculture Classification Scenarios for Special Method of Valuation – Actual Case Studies

Agricultural Land is classified as:

- **Irrigated agricultural land** – agricultural land receiving supplemental water to that provided by natural rainfall – Assessed at \$491/Acre – One acre minimum to qualify
- **Dryland agricultural land** – agricultural land without a supplemental water supply (according to USDA, not applicable in Taos County due to insufficient rainfall) – Assessed at \$115/Acre – One acre minimum to qualify
- **Grazing land** – agricultural land which is used solely for the grazing of livestock and meets carrying capacity acreage requirements as established by the New Mexico Taxation and Revenue Department. – Assessed at \$3.99/Acre – Eighty acre minimum to qualify

Irrigated Classification – A one acre parcel is planted with alfalfa (or an alfalfa/grass mix, grass hay, corn, etc.), and the entire acre is being irrigated, is being cut and baled, or a crop is being harvested. **Yes.** This example is the definition of a property that is prepared for planting, sowed, nurtured to a mature crop, and harvested. The Special Method of Valuation

What if there is no water-flow for one or two years? Example – La Cordiera: This area of Taos County is predominantly residential, with additional irrigated land adjoining. In the spring of each year, the property owners clean the ditches, repair ditch gates, and anticipate water through the growing season. Only one or two irrigation days of water for the entire growing season has been available over the past two years. The property owners have continued to harvest at least one good cut, and depending on rain, a second good cut; if no rain, farmers are taking a second cut of the best available. The Special Method of Valuation is maintained. Note: areas at the farthest reaches of the ditch may not receive water and are still maintaining ditches and taking the best cuts available.

If the property owner does not receive water in successive years, yet continues to maintain ditches with the expectation to receive water, pays ditch dues, and harvests available cuts, the bona fide agricultural use is considered viable.

Dryland Classification – Definition: a method of farming in semiarid areas without the aid of irrigation, using drought-resistant crops and conserving moisture. According to the Soil Survey of Taos County, authored by the US Department of Agriculture, the Soil Conservation Service, Forest Service, US Department of Interior, Bureau of Indian Affairs, Bureau of Land Management, and in cooperation with the New Mexico Agricultural Experiment Station, *“Only a small percentage of the land in the Taos Area is used for cultivated crops. Most of the cropland is on flood plains, terraces, and alluvial fans along streams that originate in the Sangre de Cristo Mountains. These streams provide water for irrigation. The main crops are barley, alfalfa, and irrigated pasture. A few areas are used for gardens and orchards. In the Taos area, irrigation is needed to produce cultivated crops.”* A property may qualify for Dryland Classification on properties of less than 80 acres, where the property can produce enough forage for at least one animal unit (one animal unit is one cow, five sheep, or five goats) throughout the growing season (the growing season in Taos County is generally from June 1 to September 30). This means that no supplemental feeding is required during the growing season and the animal unit is raised for home consumption or for sale. The Forest Service, BLM, and County Extension Service define forage for carrying capacity as 26-30 (depending on the agency) pounds of dry forage per animal unit, per day. See the attached document for determining carrying capacity on small land tracts. **The land must have the capacity to produce agricultural products.**

Grazing Classification – A property may qualify for Grazing Classification on properties of 80 acres or more, which are of sufficient size and capacity to produce more than one-half of the feed required during the year for the livestock stocked on the property.

Arroyos – A property classified as residential has an arroyo running through the property. The property owner fences in the arroyo and populates the arroyo with goats. Does this qualify for the Special Method of Valuation? **No.** The first sentence in statute (7-36-20) states, “The value of land used primarily for agricultural purposes shall be determined on the basis of the land’s capacity to produce agricultural products.” An arroyo, by its nature, cannot produce forage to sustain livestock; and residential property consists of a one-acre homesite, therefore, the arroyo will not qualify for the minimum acre requirement.

Plants or Crops – A property owner cultivates a 40ftx40ft (0.0367 acre) garden on a one-acre parcel of land. The property owner applies for the Special Method of Valuation for the one-acre parcel claiming they are producing crops for sale or home consumption. **No.** In the first instance, the entire one-acre parcel is not being used in a bona fide agricultural use. Statute states, “Tracts or parcels of land of less than one(1) acre, other than tracts or parcels used for the production of orchard crops, poultry or fish, are not used primarily for agricultural purposes.” Therefore, other than orchards, poultry farms, and fish farms, no agricultural venture qualifies if employed on less than one acre. (See #5 below)

Trees – A property owner purchases a parcel of forested land. The property owner thins the forest and removes ground and ladder fuel to suppress wildfires. Is the Special Method granted? **No.** The property owner has not planted trees for the purpose of home consumption or for sale, merely downed or allowed the removal of standing trees. Property stewardship is not a bona fide agricultural use; there is no production of trees (forest products).

Forest Products - A property owner purchases a parcel of forested land. The property owner thins the forest and removes ground and ladder fuel to suppress wildfires. As part of the thinning process, the property owner splits usable portions of the thinned trees for firewood. Is the Special Method granted? **No.** The property owner has not planted trees for the purpose of home consumption or for sale, merely enjoys an ancillary benefit of firewood by thinning trees. Property stewardship is not a bona fide agricultural use; there is no production of trees (forest products).

Orchard Crops – A property owner has planted fruit trees along both sides of a driveway, as landscaping, and around the children’s playground area. Is this considered an orchard? Is the Special Method granted? **No.** The Court of Appeals of the State of New Mexico upheld the Assessor’s denial of the Special Method finding that the property is primarily used as a residential property; there is no evidence of a bona fide orchard. (Alexander vs Anderson)

While growing nuts and fruits may constitute producing crops, an applicant for special method is required to demonstrate an objective intent to produce a crop for sale or home consumption; rather than landscaping. And, an unattended orchard that has not been pruned, is not regularly watered, and is not harvested does not qualify for the Special Method of Valuation.

Livestock – Property owners plant hay and pasture grasses to raise or sustain their recreational horses. Is the Special Method granted? **No.** The Court of Appeals of the State of New Mexico upheld the Assessor’s denial of the Special Method finding that the Taxpayers put their land to something less than

a “bona fide agricultural use.” Recreational horses do not qualify a property for Special Method. (Alexander vs Anderson)

Poultry – A property owner has two acres; a one-acre homesite and one acre of vacant land other than a chicken coop and a dozen chickens. Does the one-acre parcel qualify for the Special Method, especially if the chickens are free range and extra eggs are sold to friends and coworkers? No. Poultry production requires extensive regulation and inspection documents. A chicken coop in the back yard does not qualify a property for Special Method. It has been argued that chickens free-range on the property; however, poultry is not a qualifying livestock for grazing classification.

Captive Deer or Elk Production – Land properly fenced to house the production of privately owned, captive deer or elk shall qualify for Special Method and be classified as grazing land; captive deer shall be valued as sheep and captive elk shall be valued as cattle. Elk and deer production requires licenses, health certificates, facility inspection certificates, etc. similar to those required by poultry producers. Wild elk or deer do not qualify a property for the Special Method of Valuation.

Fish Production - An applicant for Special Method of Valuation is required to prove that they are raising a salable fish, provide information on stocking the fish farm, provide inspection documentation from USDA or other regulating agencies (especially consumption fish and fish that may be introduced into public waters), water source and unlimited availability of water source, a privately owned fish hatchery, with all regulation inspection documentation, sales receipts, etc. This type of agricultural venture is not likely in our arid state outside of government hatcheries.

Examples of required documentation for poultry, deer, elk, and fish production:

- USDA and County Licenses
- Federal USFWS Permit
- Health Certificate from an accredited veterinarian
- Rearing Facility Inspection certificate of health from an accredited veterinarian
- National Poultry Improvement Plan #
- Size of lake – Maximum depth of lake – Acre feet of water impounded – water source
- Water Filing Number & Date
- If the lake is fed from or empties into public waters, how will ingress and egress of fish be prevented?
- Number, kind, and size of fish on hand, and number, kind, and size of fish to be purchased & stocked

Essentially, to provide disease testing and general requirements in order to protect native wildlife and address human health and safety issues.

Honey - Honey appears in statute as a one-word entry; however, statute does not quantify requirements or parameters to define what that is. Since there is no case law that we can find to address via court decisions, we make reasonable decisions based on the capacity of the land to produce agricultural products.

- Example 1: a property owner owns three acres of sagebrush covered land and has applied for Special Method of Valuation – Honey on two of the acres. The property owner has a one acre home site and two acres of non-residential, sagebrush covered vacant land. The property

owner placed one or more beehives behind an electrified fence attached to the carport. The two acres of sagebrush do not have the capacity to support the apiary; there are no pollinates or nectars to support a bee colony for one day, much less a growing season. Special Method is not granted.

- Example 2: a property owner has five acres of irrigable land. The property has 10 beehives and the five acres are planted with clovers, alfalfas, perennials, annuals, fruit trees, and vegetables. The property does have the capacity to produce agricultural products (honey) due to an aggregate planting that produces pollinates and nectars throughout the growing season. Special Method of Valuation – Irrigation is granted.

Federal Payment or Other Compensation – If an agency of the federal government pays an agricultural producer to lay the agricultural land fallow for a prescribed number of years, and the property qualified with a bona fide agricultural classification prior to the federal conservation program, the Special Method of Valuation classification is not affected.

Carrying Capacity for Grazing – The carrying capacity for grazing land in all New Mexico counties is determined by the New Mexico Taxation and Revenue Department. Taos County has three zones:

- Zone A – Tres Piedras/Ojo Caliente – This area encompasses Taos County west of the Rio Grande River: designated as Class A and requires no less than 107 acres to qualify for grazing status. (six animal units per 640 acres)
- Zone B – Questa/Taos – This area encompasses Taos County east of the Rio Grande River to the Sangre de Cristo Mountains: designated as Class B and requires no less than 80 acres to qualify for grazing status. (eight animal units per 640 acres)
- Zone C – Red River – This area encompasses Taos County from the Sangre de Cristo Mountains to the eastern border of Taos County; designated as Class C and requires no less than 160 acres to qualify for grazing status. (four animal units per 640 acres)

When determining whether the property is eligible for special valuation as land used primarily for agricultural purposes as grazing land, the property must have the capacity to produce more than one-half of the feed required during the year for the qualifying livestock stocked on the property. The livestock must be reported to the county assessor for valuation by either the property owner or the owner of the livestock.

Resting the Agricultural Land – Bona fide agricultural producers who wish to rest the land will retain the Special Method of Valuation if the agricultural land was under production in a bona fide agricultural use at least one of the preceding three years (the property does not maintain agriculture classification if it is rested three consecutive years). This allowance assists the land owner during a short-term drought; however, there is no statutory provision for long-term drought.

It is important to note that every effort must be made to care sufficiently and adequately for the land in accordance with accepted commercial practices. A property may lose the special method of valuation classification if the property is overgrazed; ditches are not maintained (abandoned or not used) and water rights are lost; orchards are un-pruned, unattended, and not harvested; etc.

Additional Pertinent Information

Since the statute is ambiguous in some cases, the assessor's office uses other qualifying portions of the statute, i.e; the land's capacity to produce agricultural products, evidence of bona fide primary agricultural use, carrying capacity, passive or incidental cultivation, etc.

- 1) Once a property's use has changed from agricultural to nonagricultural, there is no longer the need to give the property owner special tax treatment.
- 2) The owner of land valued by the Special Method shall report to the county assessor whenever the use of the land changes so that it is no longer being used primarily for agricultural purposes. A presumption exists that land is not used primarily for agricultural purposes if income from nonagricultural use of the land exceeds the income from agricultural use of the land.
- 3) A "homesite" as the term is used in the statute is the site used primarily as a residence, together with any appurtenant lands used for purposes related to residing on the site. A homesite shall be presumed to be a minimum of one acre.
- 4) Once land has been classified as land used primarily for agricultural purposes, no application for that classification is required for any succeeding year so long as the primary use of the land remains agricultural. If the assessor determines that the property no longer qualifies, the Special Method is removed from the property for the succeeding year.
- 5) Tracts or parcels of land of less than one acre, other than tracts or parcels used for the production of orchard crops, poultry, or fish, are not eligible for the Special Method. The only other exception is a property less than one acre under bona fide agricultural use, that is contiguous to land used primarily for agricultural purposes owned by a member or members of the immediate family of the owner, and qualifying acreage is obtained by the combination (immediate family is defined in statute as a spouse, children, parents, brothers, and sisters).